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CHINA:

THE COMMUNES

D. D. KOSAMBI

ECONOMIC GROWTH

CHARLES BETTELHEIM

The Two Worlds THE EDITORS

EDITORS . . . LEO HUBERMAN . . . PAUL M. SWEEZY

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NOTES FROM THE EDITORS

If you read the "labor column" in your daily newspaper you know it is, in reality, an *anti-labor* column. That was not true, however, of the labor column which distinguished the pages of the *San Francisco Chronicle* from 1935 to 1942. That was a column in which the news about labor was truthfully told by a man who knew the truth and had the courage to relate it honestly. One of the reasons San Francisco became a strong union town in that period of intensive labor organization was that the unorganized there could find in Arthur Eggleston's column the antidote to the poison about labor which appeared in the rest of the commercial press. Honest trade union leaders are the first to acknowledge their debt to Arthur Eggleston. We knew him as a labor expert and close friend. Old timers in the MR family will remember Eggleston's pieces which appeared in these pages from February 1953 to March 1954. It is with a feeling of deep personal loss that we record his death of cancer in January of this year. Arthur Eggleston had integrity—a quality which has become exceedingly rare in the journalism of today.

Orders for the three new MR Press books (see back cover) are coming in at a good rate. The books will be mailed out in a few weeks—as soon as they are off the press.

The December issue of *The Young Socialist* announced that affiliated youth groups in Philadelphia and Baltimore are using an MR pamphlet, *The*

(continued on inside back cover)

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THE TWO WORLDS

Walter Lippmann has published a little book entitled *The Communist World and Ours* which raises in an intelligent and concise fashion some of the most important questions facing the American people today. In what follows we shall summarize what he has to say and then discuss some of the more important implications.

He begins with a report on his interview with Khrushchev which took place in the Kremlin last October.

Early in the interview Khrushchev indicated to Lippmann that what the Russians want is "to relax tension on the basis of the status quo." Appreciating the significance of this statement of purpose, Lippmann undertook to probe what Khrushchev meant by the "status quo." The following points emerged.

(1) Any change of frontiers by military force would be a violation of the status quo. In the cases of China and Vietnam, however, differences between two parts of the country are internal and not to be treated as international issues. In Korea and Germany, on the other hand, changes should take place only by mutual consent.

(2) The process of revolutionary change now going on in the Soviet Union, China, and elsewhere in Asia and Africa is an integral part of the status quo. In Khrushchev's view, opposition to this revolution is an attempt to change the status quo.

(3) New weapons, while not breaking the basic military stalemate between the United States and the USSR, have rendered forward United States positions in Germany and Turkey indefensible. In insisting on holding these positions the United States is therefore acting on an obsolete estimate of the balance of power. The logical implication, though Lippmann does not quite put it this way, is that in the Soviet view recognition of the status quo would require the United States to give up these unrealistic forward positions.

On Germany, Khrushchev made it clear that no reunification was possible if West Germany was to become once again a military power. And he took special pains to emphasize to Lippmann the dangers of America's present German policy, recounting, at some length and without prodding, the story of the Nazi-Soviet Pact. If the Americans insist on pushing the Germans eastward, "another German-Soviet pact, like that between Hitler and Stalin, was at least

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as possible today as it was in 1939. Indeed, he [Khrushchev] insisted, it is more probable since a German attack on the Soviet Union has now become 'suicidal.' "

Regarding the danger of war between the United States and the Soviet Union, Khrushchev's fear was that if the United States finds that it is going to lose the cold war it will resort to a hot war. This fear is by no means hypothetical: Khrushchev was certain that the Communist countries will outdistance the West technologically and economically, and then the poor countries, impressed by the example of the Soviet Union, will turn to it for assistance.

On the subject of Soviet-Chinese relations, Khrushchev brushed aside questions suggesting that there might be trouble in the future. There is no limit to the development potential of socialist countries, he implied, and as a result there is no ground for the kind of conflicts that plague the capitalist world.

Lippmann expressed the view that success at the current conference in Geneva on how to prevent surprise attacks would do more than anything else immediately possible to relax tensions in America, where the fear of another Pearl Harbor is still an important factor. Khrushchev said that he understood this but that American militarists were keeping up the "psychosis" in order to fatten their profits. Without it, "Dulles and the militarists would not . . . get their appropriations from Congress."

On disarmament, Khrushchev reiterated the familiar Soviet position that confidence between the two sides must come before inspection and control.

So much for Lippmann's report on his interview with Khrushchev, which takes up two of the book's four chapters. The last two are entitled "The Soviet Challenge" and "A Summing-up." They present Lippmann's views on the relations between the socialist and capitalist worlds, and on what policies the United States should adopt.

First, Lippmann notes that the Soviet Union and China are "well on their way to achieving the leadership of Asia and Africa" and expresses the opinion that "at the root of the profound and abiding suspicion which each of us has for the other lies this bid for leadership and its challenge to the Western position and to Western influence."

The reasons for Soviet-Chinese success are to be found in their own achievements. They confidently anticipate winning more successes in the same way, and they suspect the United States and its

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allies of planning to attack them, from the bases established all around their borders, to halt their revolutionary rise to world leadership.

On the side of the West, the corresponding suspicion arises from a conviction, which Lippmann considers well founded, that the Communist powers will use their military power, so far as they are safely able to do so, as an instrument in completing the domination of Asia and Africa.

From this Lippmann draws the conclusion that the United States and its allies must take all measures necessary to ensure that they do not lose the arms race. But they must do so without producing hysteria at home and without alienating the very countries abroad which they want to keep on their side. How can this be done? Lippmann has, in effect, a three-point program:

(1) "We must learn to keep ourselves armed without working ourselves up into a frenzy of threats and fear."

(2) "We must learn also to win friends without asking them to be our military allies."

(3) Finally, we must "stop looking at the underdeveloped nations as military bulwarks and bastions" and instead concentrate on demonstrating "that there is another and more humane way of overcoming the immemorial poverty and weakness of the Asian peoples." This demonstration can best be made in India. If the Western allies "could underwrite and assure the success of India's development, it would make a world of difference. . . . I do not know where else a non-Communist alternative can now be demonstrated, given the fact that only in India, outside of the Communist orbit, could a successful demonstration carry conviction to the great masses of the people who are looking for a better way of life."

In his "Summing-up," Lippmann returns to this theme, stating it in slightly different terms: "unless this demonstration can be made, there is every prospect that the masses of Asia will rally to Communism, either of the Soviet or of the Chinese type."* However, from certain further remarks, it appears that he is not overly optimistic about the *probability* that such a demonstration will be made. At one point he states that "it would be a rash man, I think, who would say that . . . great masses of backward people could be persuaded by democratic methods to accept the discipline and to make the sacrifices which are necessary to the rapid formation of capital in a primitive economy." And at another: "The Communist revolu-

* This is a view which is familiar to MR readers. See The Review of the Month on "India, China, and Freedom" in the issue of January 1958.

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tion will, I think, expand in Asia unless we make an heroic effort of statesmanship to demonstrate that there is an alternative to it." Since Lippmann is certainly not a rash man and can hardly be supposed to put much faith in heroic acts of statesmanship, it seems legitimate to conclude that he really expects the West to lose out in the underdeveloped countries.

Unlike many Western spokesmen, however, Lippmann is not particularly alarmed at this prospect. The closing pages of the book are devoted to expounding the thesis that Communism has no attractions for the developed Western countries, or for the satellite countries of Eastern Europe either for that matter. He feels confident that "provided we maintain the balance of deterrent power . . . there is no military threat to the United States, —nor, unless something very stupid or desperate or reckless is done, to our principal allies in Europe." Once these things are understood, the United States and its allies should be able confidently to adopt as the goal of their European policy "the withdrawal of the Red Army behind the frontiers of the Soviet Union." And when Lippmann says that "we are missing the bus as long as we fail to identify ourselves with the idea of bringing to an end, however gradually, the military occupation of the European continent," he clearly implies that he would not regard American withdrawal to the British Isles as too high a price to pay for Soviet withdrawal from the satellite countries.

The ideal of One World, in Lippmann's view, is both chimerical and dangerous. What we should do is recognize that there are two worlds, and will be for the foreseeable future. We have to live on the same globe as the Communist powers, and the sooner we learn how to do it the better for all concerned. His final admonition is that "the less we plunge ourselves into hysteria, the more likely we are to take good care of our affairs."

If Lippmann has interpreted Khrushchev correctly, and if we have interpreted Lippmann correctly, then it seems to us that this little book comes closer to outlining terms on which genuine coexistence is possible than anything that has come from either side of the iron curtain for a long time.

Let us suppose that Lippmann's ideas should come to prevail in the United States (it seems reasonable to assume that those of Khrushchev already do in the Soviet Union). Both sides would pre-

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sumably be seeking to end the cold war on the basis of its own conception of the status quo.* Khrushchev declared this to be the aim of Soviet policy, and nowhere in the book does Lippmann give any indication of rejecting it. The only question is whether their respective conceptions of the status quo are sufficiently compatible to make a settlement possible. This is the problem that has to be investigated.

According to Lippmann, Khrushchev's conception of the status quo embraces the process of revolution through which Asia and Africa are now passing, including the outcome which in Khrushchev's view is inevitably modernization under Sino-Soviet leadership. Lippmann, on the other hand, does *not* regard this outcome as inevitable and wants the United States and its allies to prove that a better way to modernization can be found through reliance on Western aid.

Is this an irreconcilable difference? No. But it is a difference which can only be arbitrated by experience, not by any amount of discussion and debate. Let the West do its utmost to aid the Asian and African nations, as Lippmann wants, and then let *them* decide. There is no reason to suppose that Khrushchev would object, or that if he did there would be much the Soviet Union could do about it. If the Western effort should succeed, Khrushchev would have to change his idea of the status quo and adjust his expectations accordingly.

But what if the Western effort should fail and Khrushchev's present expectation as to the outcome in Asia and Africa should prove correct? This possibility is implicitly allowed for in Lippmann's calculations. If it should happen, the West would have to do the accepting and make the necessary adjustments. In either case, the verdict of the Asian-African world itself would be final. The crucial point is that if Lippmann's views were to prevail, the West would in effect agree in advance to abide by that decision. *Given such agreement on both sides, Asia and Africa could become an area of peaceful rivalry rather than cold war.*

Regarding Europe, Khrushchev's view boils down to the contention that American military strength in Germany is an illusion

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* At the present time, it is well to remember, American policy is based on the most explicit rejection of *any* conception of the status quo. Building up West Germany as a military power is intended to make possible the "liberation" of Eastern Europe, and non-recognition of China to keep open the door to a return to the mainland by Chiang Kai-shek. Both of these aims have been explicitly stated and frequently reaffirmed by the highest officials of the American government.

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and that for the United States to abandon its position there would not be giving up anything but merely recognizing an existing state of affairs. The proof, he thinks, is that the more the United States tries to *use* its apparent military power in Germany, the more likely it is to achieve the opposite of what it wants, i.e., not pressure on the Soviet bloc but a renewed German-Soviet alliance capable of dominating the whole continent. Lippmann does not comment directly on this Soviet estimate of the German situation, but we know from his writings over the years that, unlike the architects of present United States policy, he is aware of it and takes it seriously. It must be an important, and perhaps even a decisive, factor in his advocacy, as a goal of American policy, of the "bringing to an end of the military occupation of the European continent."

In any case, if United States policy were to adopt this goal as its own, the effect would be to open up at least the possibility of working toward the end of the cold war in Europe. Banning of atomic weapons and thinning out of forces in the heart of Europe (following suggestions already made by the British government when Eden was Prime Minister and by the Poles in the so-called Rapacki Plan) would be the logical first step; and once this had been successfully accomplished, there would be many possibilities for the next step. The point—and this would seem to be clearly implied by Lippmann—is not to spell out a whole blueprint leading to the final result but to move, even if only a small step at a time and very slowly, *in the right direction.*

Peaceful rivalry in Asia and Africa and gradual disengagement in Europe would be crucially important factors in a settlement of the cold war, but they would not be enough. In particular, some arrangement for limiting and controlling the arms race is certainly indispensable, and it is noteworthy that neither Khrushchev nor Lippmann —so far as we may judge from Lippmann's book at any rate—has anything concrete to offer in this field or evinces much hope of early success.

Is this an indication that it may after all be impossible to end the cold war? Not necessarily. The positive factor here is that both Khrushchev and Lippmann, each in his own way, emphasize that what stands in the way of progress toward disarmament is the deep suspicion and distrust which exist on both sides. The West will not agree to anything without an elaborate system of inspection, and the East regards inspection merely as a form of espionage. Both Khrushchev and Lippmann recognize that no formula is going to

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overcome this impasse, and both are obliged by the logic of their position to give priority to the allaying of suspicion. This is the hopeful aspect. Trust can be created only through the successful *practice* on both sides of a policy of coexistence and tolerance. Since this is precisely what is implied in peaceful rivalry in Asia and Africa and disengagement in Europe, it can be concluded that we have here also the most promising approach to disarmament. Not that it would lead to an early agreement (which is in any case impossible), but it would establish conditions in which disarmament would at least be a realistic subject for negotiation. To put the point in somewhat different terms, disarmament will become a genuine possibility only when each side is convinced that the state of affairs aimed at by the policy of the other side is one which both sides can accept.*

What are the chances that American policy will actually move in the direction indicated by Lippmann's book—i.e., toward acceptance of peaceful rivalry in Asia and Africa and disengagement in Europe?

Not very good, unfortunately. And yet there are perhaps a few encouraging signs.

Lippmann's book is one. The nonpolitical causes of Dulles' impending departure from office deprive that event of the significance which in other circumstances might attach to it. Nevertheless the fact remains that there is no hope of any serious change in American policy as long as he remains Secretary of State; his successor, no matter who he may be, will at least not be as publicly and stubbornly committed to the pursuit of disaster. Senator Fulbright has on occasion (for example, right after the invasion of Lebanon last summer) talked sense about foerign policy: his accession to the Chairmanship of the Senate Foreign Policy Committee is a positive factor. George Kennan, reputed father of the policy of containment, continues to advocate a form of disengagement in Europe, thereby proving that it is possible for at least one American policy-maker to learn from experience—and if one, why not more? Senator Mansfield, in addition to recognizing the existence of East Germany, shows signs of comprehending the incredible madness of arming West Germany with atomic weapons. And so it goes.

It may be freely admitted that all these incidents, taken singly

* This is the international aspect of the matter, of course. The domestic economic implications of disarmament in the United States are not discussed by Lippmann and cannot be explored here. They constitute an additional and certainly very important barrier to successful disarmament negotiations.

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and individually, are relatively minor, and that the big things that *haven't* happened are certainly much more impressive—for example, the growth of an important public opinion in favor of recognizing China, or the display of one iota of sense or responsibility about foreign policy on the part of the labor movement. Still, these minor incidents seem to occur more frequently, and sometimes one has the feeling that they are symptomatic of larger changes in the making.

This is a highly subjective matter, to be sure. But it is also new. It allows us the luxury of thinking now and then—as for example when we read a book like Lippmann's—that the American ruling class may after all be capable of saving itself, along with the rest of us, from either irreparable catastrophe or hopeless isolation.

(February 16, 1959)

For years now we have taken the easy way. Let something go wrong —whether it be in China or Nigeria—and we have had a ready answer. The Soviet Union was behind it. What a perfect formula for the evasion of reality and I may add, what a futile formula. If there is a single factor which more than any other explains the predicament in which we now find ourselves, it is our readiness to use the spectre of Soviet communism as a cloak for the failure of our own leadership.

—Senator Fulbright, August 6, 1958

At every crossway on the road that leads to the future, each progressive spirit is opposed by a thousand men appointed to guard the past. Let us have no fear lest the fair towers of former days be sufficiently defended. The least that the most timid among us can do is not to add to the immense dead weight which nature drags along.

—Maeterlinck: *Our Social Duty*

I devoutly believe in the reign of peace and in the gradual advent of some sort of a socialistic equilibrium.

—William James, *The Moral Equivalent of War*

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CHINA'S COMMUNES

BY D. D. KOSAMBI

That an event of profound historical importance has taken place in China is clear from the violent outburst of hostile comment and the stunned silence of those who should have evaluated these new happenings. The Chinese themselves are too busy with the exhilarating work of a second revolutionary advance within ten years; the powerful swimmer engaged in breasting the flood need not pause to chart the river for others. So, let us analyze the situation for ourselves.

The Basic Facts

These are unquestioned. The commune consists of a merger of many individual cooperatives. The area crosses several former county (*hsien*) boundaries, according to the nature of the terrain. Twenty thousand or more people might be members of a single commune. The production is not specialized, but on the contrary covers cereal-producing fields, cotton plantations, orchards, whole mountainsides for pasturage. Even beyond this purely agrarian variety, the commune may (and does) engage in direct industrial activity such as producing iron and steel, building their own hydro-electric stations, manufacture of ceramics, cloth, etc. Children's crêches, hospitals, schools, even new types of work-and-learn colleges, are managed by the communes themselves. Food is served in communal canteens as both husband and wife work. The *meals are free or at a nominal cost*, and far better in quantity and quality than ever before. The commune may vote to supply labor for short periods to construction projects, industries, or mines outside their area, quite apart from workers specially deputed for such training. Overall employment is so full that there is now a shortage of personnel. The people concerned are supplied by the commune and their earnings added to the commune's funds. The communes are highly solvent.

The sudden leap ahead in production is not to be denied. Even those newspapermen abroad who live by discounting such statistics are flummoxed. That this is a permanent gain, not due just to a

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chance year of good weather and suitable rainfall, is also clear. Thus, the economic foundations and the productive advantages of the commune are proved beyond any doubt. The Chinese themselves have found their own achievements staggering. None less than Chen Yi, Foreign Minister and Vice-Premier, had to go and see the results with his own eyes in an area where he had himself cultivated a plot or two as a stripling, to appreciate the fact that there is no overstatement.

Far more significant than the productive achievements are those in the administrative field. The local administration was simply abolished, and the personnel absorbed within the commune—not necessarily as administrators. This covers police, revenue officials, courts and judges, etc. The commune takes over such of their functions as are still necessary, and deals directly with the higher state organs. That is, certain small but nevertheless important parts of the state machinery have vanished altogether. To that extent, the *state mechanism has begun to wither away.* Control over people has been replaced by the people's control over things. Though predicted by Marx and Engels, this is the first known example of the kind in actual practice. Neither in the other peoples' democracies, nor in bourgeois democracies, nor in the countries that have recently achieved their independence has the state machinery ever been reduced to an extent that counts. On the contrary, the mechanism of administration and of violence is in general steadily increasing, both as to cost and weight. It might be argued that this is due to the hostile environment, the eternal threat of war. For China, the environment is not less hostile than for any other country, with fully equipped enemy bases in Japan, Korea, and Taiwan, not to speak of the trade embargo and economic blockade. Yet the Chinese people have been the first to take this great step towards the real beginning of human history.

The Initiative

The change was not planned from above, nor directed from the top. This is proved by the fact that, even now, there is no fixed model for a commune, no iron-clad rules or constitution. The most economic size and organization for a commune yet remain to be determined. In fact, the most reliable reports go further. The first move came from the peasant cooperatives themselves, and were initially opposed by local and provincial CP secretaries. The reasons for such opposition lie presumably in 1956 events in Hungary and

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Poland, where the collectivization drive had to be moderated at least for the time being. For that matter, even so competent an organizer as Khrushchev had to abandon the earlier *agrogorod* schemes in the USSR, because they proved unproductive. The Chinese, who have a more powerful peasantry with long-ingrained habits of thought, naturally took heed, and wanted to encourage more individual production, larger private plots, more privately-owned livestock, and such incentives. It was the peasantry that protested, insisting that the correct answer was more and larger-scale cooperation, not less. Then the cattle could be pastured on the hillside land, all bottom land rotated between cereals. Cash crops and long-term investments such as orchards and timber would be possible only when the unit was geographically large and the immediate food problem solvable for the entire unit.

The dispute went to the high command and then the CP showed real leadership. The cooperatives that wanted to form communes were told to go ahead, given such loans and technical advice as *they* felt necessary. The CP cadres joined in the work—not to give directives from above but to learn the new methods of production and reorganization so as to be able to spread the knowledge to others. This role of activation can be fulfilled only by an alert and sound party; this is the precise meaning of CP leadership here. But all details had to be worked out by the first communes for themselves.

It might be noted that this development makes nonsense of the usual bureaucratic planning from above, which was the only known planning hitherto and which seems necessary even now for large-scale industrial enterprises. The national income would be computed from statistics, experts would decide how much should be ploughed back for capital formation, the ratio between consumer and industrial goods, agriculture and urban industry, etc. Then the plan would go through the political and administrative mill (committees and ministries) to be divided into components and so fulfilled (or not) by the masses. In China, the masses are planning much more efficiently than could any experts. As a result of the Hundred Flowers policy, they have begun to question everything in the books on an experimental basis. When it was "scientifically proved" that a certain crop had such and such a maximum yield, the peasants tried to better it, and generally succeeded, in some cases doubling the "maximum" with ease. This, after all, is the real unity of theory and practice, in the political as well as technological field. This is the only way of bringing science and technology to life.

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Regimentation

We now consider the most serious reproach, that the Chinese achievements imply an unprecedented coercive military organization, strengthening of dictatorship and use of force over the citizens. The whole world is in some unspecified danger from China. The American State Department and press are quite naturally upset, for all calculations about the time it would take to industrialize China have been well and truly washed out.

How does the commune run itself? Certainly not under orders of higher state officials. There is an elected council, and sections for management. Every project is discussed in full by all concerned, but the council is the coordinating body. The people organize themselves into brigades and squads, with leaders elected generally on grounds of experience. Then the work is divided according to the need of the moment and the capacity of the group. The commune functions as one large family, but the "elders" do not occupy an immutable position by birth. The inequality of personal incomes is negligibly small, even between council members and simple workers.

During the work, orders are given and obeyed, but every part of every project is discussed at each stage, so that these orders have motivation and the obedience a voluntary aspect. This sort of group discussion has been practiced by the Chinese since 1950, and is nothing new.

There is no question now of property rights and disputes within the commune, nor between the cooperatives which were formerly separate. Individuals realize that they have no need which the commune will not fulfill, and that by strengthening the commune they assure themselves a better future—not at some vaguely distant period, but from the very present. Uncomprehending foreigners ask: "What about the cheat, the thief, the shirker, the black-marketer?" Such a question is difficult for the Chinese to understand. Just as it is a matter of course and good public manners in some countries not to spit or to use bad language, so it is now a natural thing in China not to shirk. Everyone puts forward his best effort, no one is ashamed to learn. Certainly, no policeman is needed to drive people; there is no court-martial attached to the workers' brigade in a commune. So the Chinese people can work without compulsion just as they can live comfortably without alcoholism, juvenile delinquency, tranquilizers, and prostitution.

The communes do take military training. This is much easier than sending people away for Red Army service, and can be adjusted

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according to seasonal needs for labor. With the hostile environment noted earlier, and Chiang's agents still being parachuted into China, it would be stupid not to be prepared. But beyond this there is no sign of regimentation. Even in war, absolute regimentation need not mean supreme efficiency. Roman armies were at their best when fighting in a cause they understood and when citizens rather than professionals filled the ranks. The spiked drawbridge that defeated the superior Carthaginian fleet was the invention of an unknown Roman, not of the patrician commander.

Future regimentation in the foreign critics' sense is not impossible, but there is no reason for the Chinese to adopt it when both food production and the people's morale are so high now. The essential is to maintain both, particularly the new mass-initiative from below in every branch of technique, and to allow it to infuse a wonderful new life into political activity. Compulsion means stress, and stress cannot be hidden from any reasonably intelligent observer. Unbiased foreign visitors generally remark that the Chinese as a whole are today the most relaxed, well-adjusted of nations.

CHINA'S ECONOMIC GROWTH

BY CHARLES BETTELHEIM

In the course of last summer, together with a group of French economists, I had the opportunity of visiting China and studying the economic development of that country.

I shall not dwell on the standard of living of the Chinese people as it appears to any traveler. However I cannot but relate the extraordinary impression created by the disappearance of all the social

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stigmas of "underdevelopment." Knowing Asia and having seen the misery of some of the peoples of that continent, also being acquainted from hearsay with what Chinese misery was like ten or twenty years ago, I was deeply impressed to see, in the towns as well as in the villages, a properly dressed, apparently well-fed, healthy, and cheerful population. Though I had read a lot about present China, I did not visualize such a transformation, and I can say that all through my stay this feeling of a transformation, a change of a magnitude and rapidity unprecedented in history, never left me.

What also impressed me was the remarkable variety of the goods available in shops, and this with regard to food products as well as with regard to clothes, cottage industry products, and industrial consumer goods manufactured in China. For one who had seen the austerity of the Soviet second five-year-plan years, this was also a great surprise.

But above all, the feeling prevailing among my economist colleagues and myself was that of finding ourselves in a country that goes ahead at an unbelievable speed and which, in this respect, outdoes all the performances that could have been achieved elsewhere. All the conversations we had with central economic leaders and leaders of enterprises, all the accounts given to us about the activity of this and that branch of industry, this and that concern or cooperative, show rates of growth much superior to the already very high ones that were achieved in the course of the first five-year plan and which place China in the forefront of the world with respect to pace of growth.

The only country with whose growth the Chinese growth can be compared is the Soviet Union. It therefore seems indispensable, in order to size up the success China has had in her present economic development, to compare Chinese rates of growth with those recorded by the USSR at the beginning of its period of industrialization. We shall afterwards have to ask ourselves how China achieved these results and what are the original characteristics of Chinese economic development.

Comparative Rates of Industrial Growth

I shall begin by recalling some rates of growth in the field of industry.

In the course of the first five-year plan (1952-1957) Chinese industrial production progressed at an average annual rate of 19.2 percent. This average, though very remarkable, is not superior to

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the rate of progress of Soviet industry in the course of the first five-year plan of the USSR (1927-28/1932) which was also of the order of 19.2 percent.

The accompanying table gives comparative figures for a number of important products:

	USSR			CHINA		
	1928	1932	Index (1928=100)	1953	1957	Index (1953=100)
Cast iron, mn tons	3.3	6.2	188	2.2	5.9	271
Steel, mn tons	4.3	5.9	137	1.8	5.35	302
Coal, mn tons	35.5	64.4	181	66.6	124.3	181
Electricity, '000 mn kwh	5.0	13.5	270	9.2	19.3	210
Chemical fertilizers, '000 tons	135	921	682	263	804	305
Cotton fabrics, '000 mn meters	2.67	2.69	101	3.8	5.5	145
	Source: *Sovietskaia Sotziali-stitcheskaia Economica.* Moscow, 1957. pp. 284-285.			Source: *Statistical Summaries of the National Economy,* Peking, August 1958, p. 3.		

One sees that the relative progress in China has been more rapid than in the USSR with respect to cast iron, steel, and cotton fabrics; that it has been of the same order with respect to coal; and that it has been slower with respect to electricity and chemical fertilizers. In 1957, total Chinese production was near the Soviet total of 1932 in the fields of iron and steel and chemical fertilizers, and ahead with regard to coal, electricity, and cotton fabrics. The per capita Chinese industrial production of 1957 is everywhere very much below the Soviet industrial production of 1932.

These figures indicate that, in spite of rather different specific rates of growth, the total Chinese and Soviet industrial rates have been very close to each other in the course of the first five-year plans of the two countries.

The great new fact of the year 1958 is the enormous acceleration of Chinese industrial growth which henceforth attains an extraordinary rhythm. This rhythm was moreover not foreseen last year when the preparations for the second five-year plan were being made, and the latter's targets will have to be revised in the sense of a considerable increase just as the targets of 1958 and 1959 had to be revised.

In comparison with the corresponding months of 1957, the increase of industrial production was of the order of 14 percent in January of 1958, 18 percent in February, 29 percent in March, 42 percent in April, 46 percent in May, and 55 percent in June. For the first half year of 1958 the average increase was of the order of 34 percent, and the figures of this summer indicate that the total for the year 1958 will be 50 percent over that of 1957. This advance by 50 percent in one year represents an unequalled rate for a country whose

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industrial production has reached the Chinese level and which has already previously been progressing regularly at a rapid rate. Everything now indicates that the foundations are being laid so that 1959 may witness an equally spectacular advance.

What is remarkable in the production figures I have just cited is that they mean that within one year Chinese production has been raised from a level lower than that of the USSR in 1932 to a level reached by the Soviet Union in 1936 with regard to electricity, and in steel not until after World War II. Chinese coal production for 1958 corresponds to that attained by the USSR in 1948-1949, and is close to British production for 1957. At the specified rates, Chinese coal and steel production will exceed that of Great Britain as early as 1959.

Of course per capita industrial production will still be very low in China, but what is important is that this country is progressing at an unequalled rate. China is doing in a few years' time what an industrialized country like Great Britain took decades to achieve and what even the Soviet planned economy accomplished over an appreciably longer period.

Before entering the field of explanations, we must also recall the results achieved by China with regard to agriculture.

Growth in Agriculture

While the achievements of Chinese industry are striking enough, one can say that the results attained by Chinese agriculture outdo all that up till now has been considered possible.

In the course of the first Chinese five-year plan, agricultural production increased at an average annual rate of 4.5 percent. Such an average growth over a period of five years ranks among the highest, but remains within the limits of generally accepted "norms"; this is also true of the highest annual rate of growth of that period, namely, the 7.7 percent increase recorded in 1955 over 1954, a year which had itself seen a good harvest.

But in 1958 we come to a period which upsets all the norms that have been accepted up to now. This year, the total production of food grains is estimated at 300 or 350 million tons, which represents a 60 to 90 percent increase with regard to 1957.

Oil-seed crops also show surprising increases, with a peanut crop of 6 million tons (a 138 percent increase over 1957), a soya bean crop of 12.5 million tons (+25 percent), and a sesamum crop of

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695,000 tons (+124 percent). As to the cotton crop, it is estimated at 3.5 million tons, a 113 percent increase over 1957.

The results that have thus been attained are of decisive importance for future economic development and for the present standard of living. As a matter of fact, this year's food-grain crop corresponds to a yearly per capita production of around 1,000 lbs. or 44 oz. a day. Thus China seems to be well on the way towards reaching the target which, in the month of June 1958, Mao Tse-tung considered to be attainable within one or two years, namely, that there should be available each year and for each person 1500 *jin* (1 jin= 1.1023 lbs.) of food grains, 100 jin of pork, 20 jin of vegetable oil, and 20 jin of seeded cotton. China is thus coming near to the food standards of economically developed countries at an extraordinarily rapid pace, and it seems that she is very soon to appear on the world market as a cereal exporting country.

Social and Cultural Progress

The progress achieved by China in the course of the past few years is not only economic progress. The latter has been accompanied by progress in all the other fields; it has generated this progress in other fields and has been sustained by it.

In the field of education, the number of primary school pupils has increased from 24.4 million in 1949 to 51.1 million in 1952, 64.3 million in 1957, and 84 million in September 1958. Primary education is universal in about two-thirds of the 2000 districts that make up China and is very widespread in the rest. In almost one-fourth of all districts illiteracy has been practically eliminated, and in the whole country more than 90 million adults are learning to read and write. One foresees that within a year or two illiteracy will practically have disappeared.

Secondary education has also been making rapid progress. In September 1958, there were nearly 10 million secondary school pupils (as against 1.3 million in 1949). As to the number of college and university students, it increased from 117,000 in 1949 to 444,000 in 1957, and since then this figure has been largely exceeded.

Progress is no less striking in the medical field. The number of hospital beds has increased from 80,000 in 1949 to nearly 295,000 in 1957. The total number of beds in all medical institutions in 1957 was 462,000.

What appears to me still more remarkable is the rapidity with which China is passing through the different stages of the transforma-

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tion of social relations. From this point of view, the formation of "people's communes" constitutes a far-reaching development. It is known that the communes are created by the merger of several agricultural cooperatives and the local administration into one new unit. This merger must lead to a close coordination of agriculture, forestry, animal husbandry, etc., as well as of industry, commerce, and education.

In practice, a commune generally consists of about 2,000 peasant families, but it can consist of a much greater number of families: 6,000 or 7,000, and even exceptionally 10,000 to 20,000. However, these very big communes are not favored by the Chinese leaders, for it is difficult to administer them in a democratic way. In most cases the commune coincides with the basic administrative unit, viz, the canton or the township. For the time being, the administration of the commune is run by the popular council of the township. The communes can federate and constitute a single federation in each district or county. It is also within the framework of the commune that people who can carry arms are armed and organized into popular militias.

The creation of the commune is linked to the elimination of the last remains of private ownership of the means of production (individual plots and private animal husbandry), and initiates the gradual passage of collective (cooperative) ownership into social ownership (that of the whole people). It also initiates, first the gradual forsaking of the mode of distribution based on the days of work in favor of remuneration according to a wage system, then the passage to distribution "according to needs." Some communes have already established a system of free food distribution founded on rules of distribution that take into account the number of family members regardless of the number who can work.

Each commune sets up a single development plan which covers all the agricultural, industrial, commercial, educational, sanitary, etc., activities. The communes create and run their primary and secondary schools, their nurseries and kindergartens, their canteens and shops, their hospitals and nursing homes. Some communes have already established even their own colleges and set up plans of village reconstruction. The preparation of the economic and social plan of the commune is taken up by a planning commission, but the final plan results from a thorough discussion in which all members take part; this plan of course is integrated into the national economic plan.

The movement to establish communes has been accelerated, so it

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seems, by the new problems that arise from rural industrial development. The agriculture cooperative became too narrow a framework for the setting up and running of industrial units. As the size of these industrial units is destined to increase rapidly, and as it is indispensable to coordinate their activities, the agricultural cooperative was bound to prove increasingly unsuitable as the agency for rural development.

Similarly, the framework of the agricultural cooperative was also somewhat narrow for many social institutions (secondary schools, hospitals, etc.). Moreover, the growing requirements for labor made it imperative that the greatest possible number of women be freed from domestic work; hence arose the necessity of establishing kindergartens, canteens, sewing centers etc., which are all more easily created within the wider framework of the communes. The latter have also been able to take over the development of recreational activities (basketball, badminton, table tennis, chess, theaters, singing, dancing, and so on.).

The movement to establish communes started on an experimental basis in the very first months of 1958. The results attained showed the efficacy of this form of organization, and on the 29th of August last, a resolution passed by the Central Committee of the CCP (Chinese Communist Party) recognized that the establishment of people's communes was "the logical result of the march of events." This resolution drew the broad outline of the organization of communes. The movement then became accelerated, and by October 90 percent of all peasant families had become members of communes.

It seems that the communes are destined to become the basic social units of Chinese society, and even, in the words of the resolution of the 29th of August 1958, "of communist society."

These are some of the facts that are known to those who follow the present evolution of China, facts the reality of which clearly appears to one who has not only seen the autumn crops ripen, but also is aware of the problems arising from the transport and storage of the huge spring and summer crops.

Yet there are no miracles, and there must be an explanation for these facts, however astonishing they may be. The explanation is certainly not going to be a simple one. I therefore do not expect to be able to give more than a partial survey of the main objective and subjective factors which, in my opinion, explain the present speed of China's economic progress.

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Reasons for Rapid Development . . .

The foundation of the rapid growth of Chinese economy, a growth which is in striking contrast to the previous stagnation, is the direction given by the Chinese Communist Party to the economic development of the country and the quick succession of revolutions in property relations: land reform and extension of the nationalized sector, starting right at the beginning of the period after the proclamation of the Popular Republic; passage to cooperation in agriculture and artisan production; finally, in 1955-1956, general passage to socialist cooperation in agriculture and artisan production, and voluntary transformation of the approximately three million capitalist industrial and commercial enterprises into mixed enterprises that progressively pass into state enterprises. Thus, already in 1956, the socialist transformation of China was complete, and the contradictions of capitalist society and the obstacles they oppose to rapid and continuous economic growth had been eliminated.

However, these facts alone are not sufficient to explain how China achieved such an exceptionally rapid development, and, in particular, a development more rapid than that witnessed by the USSR when it was also at the beginning of its industrialization and which up till now had been the quickest development ever achieved by a big country.

Among the objective factors which seem to provide explanations for the rapidity of China's economic growth, there are in my opinion three that have played a decisive part: the aid of the Soviet Union and the Communist countries of Europe; the very abundance of the Chinese population, part of which was totally or partially unemployed in the past; and, lastly, the economic characteristics of the techniques that have been used.

1. Soviet Aid

To begin with, it is impossible not to consider as an important factor of China's rapid economic growth the very existence of the Soviet Union, that is to say, another socialist country which is at the same time the second industrial power in the world and the first industrial power of the Eurasian continent. The existence of the Soviet Union has meant the absence of any risks of aggression all along China's enormous western frontier, and has moreover contributed to protect China from other risks of external aggression.

This means that diversion of resources essential to the economic

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development of the country has been much less considerable than it was in the case of the Soviet Union which, at the beginning of its period of industrialization, was isolated and had to face alone the threats of foreign aggression, threats which became more ominous from 1933 onwards with the coming to power of Hitlerism. Sino-Soviet cooperation enabled China to arm her defensive forces at relatively little cost with the most modern weapons, and to set up on her own territory the factories which are necessary to equip her armed forces more and more by herself without having to resort to heavy imports which often press heavily on the balance of trade of underdeveloped countries, and prevent them from importing the industrial equipment they so urgently require. Further, the existence of the wide market represented by the Soviet Union and the Communist countries of Europe and the desire for cooperation shown by these countries have enabled China to develop her exports at an exceptionally rapid pace and, in return, to get the equipment which is essential to her economic development.

The importance of these facilities cannot be overestimated and will be readily recognized by those who know how difficult it is for underdeveloped countries to increase the volume of their exports, and also, even when they have means of payment at their disposal, how difficult it is for them to get the machinery required for their industrialization. Capitalist countries do not willingly supply underdeveloped countries with equipment, and, very often, what they sell to them does not correspond to the latest techniques.

This ability to increase exports and imports according to requirements is precisely what has placed China in a situation fundamentally different from that of the USSR in the course of its first five-year plan. As a matter of fact, in 1932, in consequence of the world economic crisis, the exports of the USSR amounted to only about 73 percent of its exports in 1927-1928, being less than 29 percent of the value of exports envisaged for that year by its first five-year plan. China, on the contrary (despite the embargo which the United States and its allies have tried to impose on her) has been able to carry out fully the program of exports and imports as specified by her first five-year plan, so that in 1957 the volume of China's foreign trade exceeded by 60.3 percent the volume of 1952.

Thus, the existence of the USSR and the countries of Eastern Europe, with whom China has done about 75 percent of her trade in the course of the years 1953-1957, has placed China in a situation fundamentally different from the USSR at the beginning of

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its period of industrialization. This has certainly enabled China to lay the material foundations of exceptionally rapid growth.

Cooperation with the USSR is therefore of special importance. This cooperation has not only assumed a commercial aspect, but also a financial and technical aspect which allows us to talk of massive Soviet aid. This aid has played a considerable part by enabling China to reconstruct or construct a great number of enterprises which insure the production of essential machinery, raw materials, and fuel for her subsequent development. It is known that in virtue of the agreement reached between China and the USSR, the latter has committed itself to participate in the construction or reconstruction of 211 big enterprises.

It is obviously very difficult to estimate the relative importance of the contribution which the Soviet Union has thus given to China's basic development and its financial and technical influence on Chinese economy. However it is possible to specify the following: The production attained in 1957 in the enterprises set up with the help of the Soviet Union has been, in particular, 63 million tons of coal and 2.8 million tons of steel.

On the financial plane, the total amount of aid received by the Popular Republic of China was 2,174 million yuan ($929 million) before 1953, and 3,120 million yuan ($1,333 million) from 1953 to 1957.

The financial aid previous to 1953 was mainly utilized for reconstruction, and the subsequent aid has essentially helped to fulfil the targets for the first five-year plan. A great part of that aid was used at the beginning of the first five-year plan. Therefore, on the 29th of June 1957, the Finance Minister Msien-Mien, from whose speech I have quoted the above figures, was able to declare that henceforth China's economic development could rest on her own accumulation.

It is not very easy to estimate the practical significance of the preceding figures. However, one can make some rather significant comparisons. Thus one can note that the financial aid of 3,120 million yuan obtained by China after 1952 represents about 6.3 percent of the total amount of capital invested in the country during the first five-year plan. This brings out the magnitude of the internal effort for accumulation, as the latter has been able to meet at least 94 percent of all capital investments.

It would, of course, be utterly wrong to draw the conclusion that Soviet financial help has played a negligible part in China's

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economic development. In fact, one of the main curbs to this development could have been the difficulty (and even impossibility) of importing against cash payment all the machinery necessary to fulfil the targets of the first five-year plan. One gets a fairer view of the importance of 3,120 million yuan contribution when comparing it with the total volume of Chinese imports in the course of the first five-year plan. This aid represents more than 12 percent of the volume of imports during the period considered here (calculated on the basis of an apparently reasonable estimate of these imports). One would get a still higher percentage if one were to calculate the ratio of financial aid to the volume of machinery imports alone.

However, it is on the technical plane that Soviet aid has represented and still represents a particularly powerful accelerator to Chinese economic growth. Not only does this technical aid take the form of Russia selling to China the most modern capital goods she produces, which are often in the forefront of world technique; it also takes the form of Russia putting her immense technical experience at the disposal of China by passing on to her her patents and production licenses and by lending her engineers: about 7,000 Soviet experts have been working and are still working in China, helping Chinese technicians and workers to benefit from their experience. Knowing how jealously capitalist countries guard their secrets, and at what prices big capitalist concerns sell the right to use their patents, one easily understands what a contribution to Chinese economic growth the technical aid of the USSR, as well as of the other Communist countries of Europe, represents.

2. Abundance of Manpower

The very numerical importance of the Chinese population, a large part of which did not participate or only participated a little in economic life, has also been an extremely important factor of growth. This is so, above all, in the field of agriculture and, in the first place, in respect of irrigation.

The irrigated area which amounted to 390 million mou (one mou=0.06 hectare=0.1647 acre) in 1949 was increased to 461 million mou in 1952, and to 606 million mou in 1957. The latter figure corresponds to 36 percent of the land under cultivation and to a 31.5 percent increase of the irrigated area over a period of five years. Such a result is already remarkable and partly explains the increase in agricultural production we have previously referred to. However, this result has now been largely surpassed; for, since the winter of 1957-

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1958, an additional 460 million mou have been brought under irrigation, which means that within eight months the labor of the Chinese people has increased the irrigated area by an amount equal to all the area that has benefited from irrigation works accomplished during several thousand years preceding 1952. At the present time (beginning of autumn 1958) over 60 percent of the land cultivated in China is irrigated, and this percentage is still increasing.

This is obviously one of the material bases of the extraordinary increase in agricultural production in 1958. Under the technical conditions still prevailing in most sectors of the Chinese economy, this result could only be attained through the labor of several hundred million men and women—that is to say, thanks to the very abundance of the Chinese population.

This population has thus become—as opposed to the assertion of those who consider a big population to be a "burden"—an enormous source of additional accumulation, because it devotes part of its labor not to the production of goods destined to be immediately consumed but to the increase of the productive potentiality of the country. "The financial equivalent" of this human potential is of course enormous and enables the state to concentrate its resources on the development of big industries.

Some figures quoted from Liou Chao-li's report at the second session of the Eighth Chinese Communist Party Congress give an idea of what this financial equivalent represents. This report points out that, whereas the State had invested 1,450 million yuan in the harnessing of the river Huai necessitating 1,600 million cubic meters of earthwork in the course of the past eight years, the peasants of only two provinces (Honan and Anhwei) had achieved, with their own means and without the state's putting up any money, 12,000 million cubic meters of earthwork in six months' time.

It is also the abundance or, more accurately speaking, the density of the rural population with respect to the cultivated area, which, once irrigation had been secured, has made possible the remarkable crop increases of this latter period. The increase in output has been due almost entirely to the increase in yield per unit of land, and higher yield per unit of land has itself necessitated a considerable intensification of the labor spent on agricultural production.

Chinese agriculture was characterized even in the past by intensive utilization of agricultural labor, but in the course of the more recent period, the intensity of labor has been further increased in consequence of using new techniques of cultivation: e.g., much more

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close-set planting than before, deeper and repeated ploughing, numerous harrowings, and considerable application of fertilizers. In 1958 the average amount of fertilizers and manures of all sorts applied per mou of cultivated land was ten times the average amount for 1957. The collection, transport, and application of these fertilizers and manures also required an enormous amount of work which could not have been done except by a big population.

A similar rapid increase in agricultural production through the utilization of intensive methods of cultivation was barred to the Soviet Union, whose rural population was considerably (at least six times) less dense with respect to the area under cultivation. Consequently, at a time when labor was being rapidly drawn away from agriculture for the requirements of industrialization, the USSR could only increase its agricultural production through an effort at mechanization and modernization of agriculture, which created complex problems and could only be efficacious after a more or less long period. It is important to make four other remarks:

(1) The rather general indications at our disposal lead us to think that the amount of labor drawn away from Chinese agriculture was much less than in the course of the first five-year plan of the USSR. In fact, between 1952 and 1957 the number of industrial workers (ordinary workers and technicians) increased in China by 8.7 million people or by only 55 percent, whereas in the course of the first Soviet five-year plan, this increase amounted to 11 million people or 95 percent.

Still more significant are the following approximate percentages: these additional 8.7 million Chinese workers (certainly not all of whom came from the countryside, and whose numbers must be very much less than those of the people added to the Chinese working force between 1952 and 1957) corresponded to about 4 percent of the agricultural working population of 1952. On the other hand, the additional 11 million Soviet workers of the 1928-1932 period represented about 13 percent of the agricultural working population of the USSR in 1928. In other words, whereas in China industrialization has up to now left the human potential of agricultural production practically untouched (this potential was not even fully utilized in the past), Soviet industrialization in its initial stages gave rise to temporary difficulties about the supply of labor available for agricultural production.

If, in spite of a rate of growth in industrial production comparable to that of the Soviet Union, China has not had to transfer rela-

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tively as much labor as the USSR, it is in particular because the increase in industrial production in the course of the first five-year plan could be based, to a much larger extent than in the USSR, on an increase in the productivity of labor. In fact, the techniques which are now available, in particular thanks to mechanization and automation (applied on a large scale in the big new Chinese factories) make possible a much greater increase in productivity than the techniques which were available 30 years ago. I shall soon come back to this point.

(2) The existence of an abundant labor force does not of course in itself make high agricultural yields possible; there must also be favorable natural and social conditions. The former have always existed or have been created through a real transformation of nature achieved in the last few years. The latter have made their appearance, first with the land reforms, then with the development of socialist cooperatives (which could not have developed but for the previous land reform). The part played by the new social conditions that have thus been created and which can only be played if the cooperative movement is based on the voluntary and even enthusiastic participation of the peasants, is fully confirmed by the increase in the number of work-days which the change in social conditions enables the peasants to spend productively.

In 1955, Professor René Dumont, a French specialist in agricultural economics, could still observe that the Chinese peasant (after the land reform but before the general drive to establish socialist cooperatives) was working in the fields for an average of 50 to 220 days according to region (he estimated a general Chinese average of 125 days). Now, the observations that my colleagues and I have been able to make show that the Chinese peasants work more than 300 days a year (many only take 2 to 4 days' rest a month).

(3) The considerable increase in the individual output of work has been psychologically possible only because the prevailing social conditions were such that the Chinese peasants were sure to benefit fully, either immediately or later on, by the increase in production due to their strenuous labor. In other words, the Chinese peasants feel sure that the increase in production will neither give rise to higher land rents (as there are no landlords left), nor to a price fall for their products (the State buys at fixed prices all the production they want to sell), nor to higher taxes (these are as a matter of fact fixed for several years and calculated on the basis of a "conventional product" which is lower than the actual product).

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Moreover, the increase in output of work has been accompanied by a sufficiently large increase in current production and therefore of remuneration for work. This is due to the fact that the allocation of work (decided by the peasants themselves within their cooperatives) between what is productive in the long term, in the intermediate term, and in the short term has been done in a judicious way. It is also due to the fact that enough technical innovations have been introduced to increase appreciably the average output of a day's work.

It is of course impossible to illustrate in detail what has just been said. I shall therefore be content with giving an example bearing on the cooperative Wen Tcheng situated to the southeast of Canton. This cooperative produces rice, pineapples, sugar cane, lichis, and other fruits. In 1956 the average annual income of a family of this cooperative, which had then just recently been established, and which had only 9000 cultivated mou at its disposal, amounted to 314 yuan. In 1958 the provisional accounts envisage an average distributed income of about 1,000 yuan for each family. This result is obtained in particular thanks to the extension of irrigation which makes possible two crops of rice on part of the land (whereas in the past only one was obtained); to more close-set planting (60,000 rice plants per mou instead of 8,000 to 9,000), to the increase in the application of fertilizers, and so on.

The increase in the average family income has, therefore, in this case, amounted to 218 percent. According to the indications that have been given to us, about 52 percent of this increase is attributable to higher remuneration per work-day and the rest to an increase in the average number of work-days per worker.

The preceding remarks bring out the important part played, under new social conditions, by the abundance of manpower as a factor of rapid increase in agricultural production. However, from 1958 onwards, the abundance of manpower has also played a part in the unprecedented acceleration of the rate of growth of industrial production.

As I have recalled at the beginning of this article, the year 1958 is characterized by a new leap forward in industrial production. This leap forward can be partly explained by the fact that new big enterprises put under construction in the course of the first five-year plan have started production, as well as by the increasingly full and intensive utilization of previously created capacities of production, in particular those that have been installed in the course of the past two

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or three years (it is generally only after this lapse of time that new enterprises can work at full capacity).

However, this material basis of the new leap forward is not the only one, and besides it would not be sufficient to explain its absolutely exceptional magnitude. One gets a complete explanation only when one takes into account the substantial contribution made to the industrial production of 1958 by the astonishingly great number of small and medium enterprises which have been set up and which have started production this very year.

Whereas 1,185 big enterprises were under construction in the course of the first six months of 1958, another 300,000 industrial enterprises were being set up by local authorities, and over three million small enterprises and mines by peasant cooperatives.

The local authorities which set up these enterprises are mainly the counties and townships and sometimes state commercial organizations or cooperatives which devote to that end what they can save by reducing to a minimum the expenditure corresponding to their previous activities. Units of production have also been set up by colleges and secondary schools, and they contribute both to production and to the technical education of the students. At the outset, all these enterprises work on the basis of very simple techniques, but they get gradually modernized and this rather quickly, in particular by reinvesting the profits made on their current production.

Since then, the movement has assumed a still more extraordinary magnitude. For instance, so far as the iron and steel industry is concerned, it was first envisaged (in April 1958) that 13,000 small blast furnaces would be set up by the end of the year; in fact, 50,000 had been constructed by the end of July, 240,000 by the end of August, and 350,000 before the middle of September. In the province of Honan alone, between the 10th and the 15th of September, the number of small blast furnaces had gone up from less than 14,000 to over 45,000, thanks to the labor of 3,600,000 people; and production of cast iron had been increased from 3,362 tons a day to 18,694 tons (which corresponds to an annual cast iron output of 6,500,000 tons). The other provinces have set themselves the target to produce at least 20,000 tons a day. In September 1958, over 20 million people participated directly in the effort which was required to fulfil this target. It is on this basis that the output of 20 million tons of cast iron and 10 million tons of steel has been envisaged in the production plan (to secure this output, hundreds of small and medium converters have started production while others are under construction).

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The expansion drive is developing on the same gigantic scale for the construction of small and medium coal mines, mines for iron-ore and non-ferrous minerals, small and medium power stations, and plants for producing fertilizers, chemical products, farm machinery, and so on.

What characterizes this aspect of the industrialization drive is the fact that it rests on an extremely simple technical base. Each of these small blast furnaces or enterprises can be constructed within a short time and requires a very small investment. There is, for example, a plant for the extraction of shale-oil which was built within three days and cost only 300 yuan. Its annual capacity amounts to only 100 tons of crude oil which is refined in a local refinery, but as over 10,000 plants of this type have been set up or are being set up besides 100 medium plants and 500 refineries, by the end of the year a capacity of 1.2 million tons of crude oil, (four fifths of the Chinese output for 1957) will thereby have been created.

Not only are these small and medium enterprises constructed rapidly, it is also possible to construct them with the help of local labor and local materials: their construction therefore hardly absorbs any physical resources or any transport facilities likely to be utilized by big industries, which remain the fundamental base of industrialization.

Similarly, the financing of these small and medium enterprises does not absorb any central financial resources. The construction of these enterprises is exclusively financed with local means, and as they are all profitable, they rapidly become a source of additional income for the organizations and peasant cooperatives which have constructed them.

Besides, within the framework of peasant cooperatives, a great part of the investment is investment of labor, and those who contribute this labor are paid from the total output of the cooperative. Thus in one of the cooperatives that I visited in the region of Wuhan, the Cooperative Shu-Kuang, a small blast furnace of 3.5 cubic meters capable of producing 180 tons a year and employing 18 people (in three shifts) has been constructed. The construction of this blast furnace necessitated a financial outlay of 300 yuan (in particular for the purchase of refractory stones and bricks as well as a fan driven by a diesel engine) and required the labor of 12 people who were employed for 8 to 10 hours during 9 days. At the average rate of payment for an hour's work in this cooperative, this investment of labor corresponds to an outlay of 130 yuan. The blast furnace is

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fed with coal and ore from small mines which have been dug by the cooperative. This same cooperative has set up several workshops employing about one tenth of the manpower which is available. It has also constructed a small power station run by gas from dung. For the time being this power station feeds only productive installations, but the complete electrification of the village is envisaged.

It is obvious that but for an abundant labor force, the construction and running of millions of small enterprises and workshops throughout the country would be impossible. Thus in the field of industry as well as in the field of agriculture, the high rate of Chinese economic growth scored in 1958 is explained by the fact that China has at her disposal a big population and one which till lately was only partially employed.

3. Large-Scale Industry

However, if this population has ceased to be a mere potentiality of production and has become an effective force of production, this is explained by the transformation of economic and social conditions and, concretely, by the very development of big industries and the success achieved by agricultural cooperatives.

The rise of big state industries has enabled the central government to leave more financial resources at the disposal of local authorities, while the success achieved by agricultural cooperatives has handed over to them new resources which they have been able to devote advantageously to the creation of workshops, mines, and industrial enterprises.

On the other hand, the intensification of agricultural labor and the technical changes connected with this intensification have made it necessary to supply the cooperatives with new industrial products: agricultural implements, ploughs, wheelbarrows, chemical fertilizers, fuel, and the like. It would have been impossible for state industry, in spite of its rapid growth, to supply from big modern enterprises (which it take several years to construct and which during that time absorb great quantities of cast iron and steel) all the industrial products required by agriculture.

Moreover, setting up at the present time of such big enterprises in a centralized manner would have been irrational. The state still has to concentrate its efforts on the development of basic industries and there cannot be any question of giving rise to additional requirements for transport and urban manpower, or aggravating the housing problem, which would result from the expansion of centralized

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industries. The requirements that have to be faced can be met, and this even more quickly, by small enterprises which can be run in a profitable manner within the villages by utilizing local manpower and resources.

The recourse to small industries was, therefore, imperative and possible for a country like China. It would have been impossible for the Soviet Union where it would have meant too much manpower being retained in the villages to participate in an industrialization yielding only a low productivity of labor when highly productive big industries had to be developed rapidly. On the other hand, under the conditions prevailing in China, the requirements for labor of highly productive big industries do not clash, at least not yet, with those of rural industries with low productivity.

It is interesting to see how the problem of industrialization has arisen concretely at the village level. I should like to give here the example of the Shu-Kuang agricultural cooperative which I mentioned earlier.

As the director of this cooperative explained, when the plan for 1958 was established (a plan which envisaged the construction of an irrigation canal from the nearby river, the improvement of 294 mou of land, the application of 42,000 tons of new earth and fertilizers), it was found that by working according to the old methods and with the old implements 220,000 work-days (including those necessary for cultivation) would be required, while only 162,000 would be available. Consequently, in order to fulfil the initially planned targets, it was indispensable to change the methods of work and even the organization of the cooperative.

Therefore it was decided, in particular, to utilize better agricultural implements than the traditional ones and to pass over to semi-mechanization through the creation of a farm machinery center which, for the time being, has at its disposal a tractor, a combined reaping and threshing machine, a husking machine, and five mobile diesel engines for working pumps. The utilization of the husking machine and of mills which are also mechanically run, has freed the women from part of their domestic chores and has increased the number of hours of work they can devote to cultivation. In a similar way, the cooperative has organized a transport center which has at its disposal two ten-ton boats, 28 small boats, 42 vehicles with rubber-tired wheels, and a great number of wheelbarrows, all of them equipped with locally produced ball bearings. All the old load-carrying work has thus been eliminated and labor freed for other tasks.

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At the present stage of industrialization in China, it is precisely these modifications that have made it absolutely necessary to set up repair workshops and workshops for producing agricultural implements, ball bearings, and the like. One thus sees how the creation of an industry in the village and the necessity to meet the requirements of the village are connected with the effort to increase agricultural production.

What made these modifications possible is the fact that, if one takes the additional contribution of female labor into account, the reduction of the time spent on cultivation (thanks to new agricultural implements, semi-mechanization, and improved transport facilities) has more than compensated the increase in the amount of labor which has to be devoted to the "industrial sector" of the cooperative, including the amount of labor "invested" in this sector.

There is every indication that the development of rural industrialization is only in its initial phase, and the Ministry for Agriculture therefore envisages that from 1959 a great number of agricultural cooperatives will have one third of their working population engaged in industrial activities.

What has to be stressed is the fact that under the conditions of full employment which have now been attained in the countryside, further economic progress will mainly have to rest on an increase in the productivity of labor both in the agricultural and in the industrial sector. So far as the agricultural sector is concerned, this calls for new improvements in agricultural implements, the extension of semi-mechanization and even the passage to mechanization (tractors, combined reaping and threshing machines, motor pumps, and so on). In the various cooperatives that I visited, this evolution is clearly under way and is accompanied by an increased utilization of mostly (but not always) locally generated electricity. In the industrial sector, this calls for the mechanization and modernization of small industrial enterprises which for the time being are using extremely simple techniques.

One has to add that the rapid increase in the requirements for industrial products and the increasing abundance of raw materials, both connected with the accelerated rise of the agricultural sector, have made the speedy increase of urban industrial production both necessary and possible. Here also, apart from a new effort at the level of big industries, the creation of numerous small workshops and plants has contributed to the rapid increase in industrial production.

This increase was also attained with the required rapidity by

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turning to account the abundance of population—this time of an already urban population—part of which could be freed from less important tasks thanks to a better organization of trade and administration. From among this population it has been possible to recruit new women workers, in particular housewives who can do part-time work. The increase in urban industrial employment in workshops and small plants, often running as subsidiaries of big units of production, has amounted to 930,000 people in the course of the first six months of the year 1958.

The increase in urban industrial employment will henceforth rest almost exclusively on the reserves of industrial employment of town populations, and in the immediate future on the natural growth of the urban working population. The big demand for manpower that has arisen in the countryside in consequence of the intensification of agricultural work and of rural industrialization makes a wide recourse to labor of rural origin impossible. This is a new situation as compared with the one prevailing at the beginning of the first five-year plan, and it is radically different from the situation created by Soviet urban industrialization.

Rural industrialization appears here not only as a means of meeting the requirements for industrial products which are increasing at an accelerated pace, but also as an option meant to give a special appearance to Chinese economy, this type of industrialization being made possible by a rural density which is sufficiently big to secure a local market and enough labor for the enterprises that have been set up in the countryside.

The development of this type of industrialization gives rise to numerous technical and organizational problems. On the technical plane, present rural industries, despite their short-term advantages, have the disadvantage of a relatively low productivity of labor; they will therefore have to be technically reshaped and re-equipped (the same being true of small urban industrial enterprises) in order to be able to meet the demands which will again rapidly grow in the course of the next few years and which could be less and less satisfied by a rapid increase in industrial employment.

This re-equipment implies generalized mechanization and electrification: that is why great importance must be attached to the production of iron and steel, to engineering industries, and to industries producing electrical goods. On the plane of organization, this re-equipment implies progressive concentration of present small enterprises. It is probably in order to facilitate this concentration (and at

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the same time to serve wider objectives) that the movement to establish communes has taken shape in 1958.

In any case, what is equally important is the current process of creating millions of rural workshops and industrial enterprises, a process which is introducing a new technical spirit into the countryside and giving millions of peasants the opportunity of getting acquainted with industrial work. Materially and psychologically, these enterprises constitute a means of familiarizing people with the more and more modern enterprises which will gradually be established.

To conclude the discussion of the problem of industrial growth and the part played by abundance of manpower in the rapidity of this progress, four further remarks have to be made:

(1) All the small industrial enterprises about which we have been talking are, as a rule, profitable enterprises. Consequently, far from reducing the accumulation fund, they contribute to increase it.

(2) Almost all these enterprises also contribute materially to productive accumulation in the sense that they essentially supply means of production. From these two points of view their existence constitutes a positive contribution to the increase not only of the short-term but also of the relatively long-term rate of growth.

(3) The creation of these enterprises does not divert any resources which might have been utilized by highly productive big industries. For example, they can turn to account local resources which could not be used otherwise (small blast furnaces can produce cast iron with second class coal whereas coke is required for big blast furnaces).

(4) The part played by big industries continues to be decisive. There is no question at all of sacrificing their development for the sake of small industries. Big industries must make decisive contributions to the cheap, large-scale production of cast iron, steel, heavy machinery, machine tools, electrical goods, chemical products, etc. For example, the big combines of Anshan, Paotow and Wuhan constitute the backbone of the Chinese iron and steel industry. The iron and steel combine of Wuhan (which our delegation visited), whose annual capacity is fixed at 3.5 million tons of steel, had started working, on the 13th of September 1958, a giant blast furnace which has, by itself, a capacity of 2,500 tons a day, surpassing the capacity of the biggest blast furnace of Western Europe. These plants run on the basis of the highest degree of automation and assure high quality production at a minimum cost.

Similarly, so far as heavy machinery is concerned, an enterprise

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like the heavy machine tool plant of Wuhan (which had been set up within 2½ years instead of the 4 years that had been envisaged) is indispensable for the production of big diameter (7m and 9m) vertical lathes, universal 5m wide and 20m long planning-machines, and all the machines necessary for the equipment of big ironworks, coal mines, iron mines, etc.

Rural industrialization should not therefore make us lose sight of the decisive part played by big industries. Moreover, once full employment has been attained, it is only possible to go on increasing production at a high rate if one steps up rapidly the productivity of labor, which implies the utilization of the latest techniques. Now, these techniques can be utilized on a generalized scale only in enterprises turning out production on a big scale. That is why the Chinese government always gives priority to big industries. That is also why means will have to be found to merge and gradually transform present small enterprises into modern units of production giving high yields.

So far we have concentrated on the objective, material factors which explain the exceptional rapidity of Chinese economic growth. It is obvious, however, that these factors do not constitute by themselves a sufficient explanation. What China is achieving implies, as is brought out by the previous analysis, the effort of hundreds of millions of people: effort at invention, effort at production, effort at coordination and planning.

Subjective Factors for Growth . . .

In a sense, the real problem consists in understanding how and why all these efforts have developed on the required scale, which is that of a whole people, and of the most numerous people in the world, how and why these efforts had the effectiveness indispensable for overcoming the infinite number of difficulties arising at every step of such a rapid and multiform development. The answer to these questions is obviously to be found in the domain of subjective factors.

The subjective factors are certainly very many, but it seems that one can group the most important under three essential headings:

(1) The characteristics of the direction given to the country by the Chinese Communist Party.

(2) The experience accumulated by the USSR and the popular democracies of Europe in the construction of socialism.

(3) The national characteristics of the Chinese revolution and of the Chinese people.

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I think that one must first of all recognize that the manner in which Chinese economy and society are developing presupposes an essentially energetic direction of all social forces, a direction which can be neither of a bureaucratic nor of an administrative nature, nor, still less, come in the shape of pressure from the police (as some people imagine). Such a growth implies great clearness of thought, a lucid vision of all the possibilities of development, of the manner in which these possibilities are interconnected, of the effort which each and every one is prepared to make in order to transform these possibilities into reality. This development also implies that this lucid vision does not remain the privilege of some people who keep aloof from the masses, but on the contrary, is shared by the masses.

1. The Role of the Party

I had the profound impression that the Chinese Communist Party really constitutes, if the image may be used, the nervous and cerebral system of today's China. It is through it that the millions of bits of elementary information "rise" which, at every moment, make the estimation possible of alternative courses; it is within the Party that conclusions and a line of development emerge; it is also through the medium of the Party that the conclusions and ensuing directives make their way in a clear precise manner to the masses, who alone can transform a correct theoretical vision into effective practice.

This obviously does not mean that other political organizations, the various mass organizations, and, above all, the state machine with its different administrative, judicial, and economic bodies, and, as in other states, its apparatus of repression, do not play any part whatsoever. Just the contrary is true: these organisms and organizations are indispensable. They carry out tasks which are of fundamental importance but cannot be performed by the Chinese Communist Party which, if it were to assume them, would become bureaucratized. But it means that the most direct and effective connection between reality, thought, and action is above all assumed by the Party.

The extraordinary effectiveness of the direction given by the CCP is of course partly due to the personal ability of the men who lead it, but it is also due to the deep and intimate connection which exists not only between this Party and the industrial working masses, but also, and at least as much, with the peasant masses who make up the immense majority of the population.

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This connection has not been improvised but historically built up in the course of a civil war which spread over decades, in the course of a struggle which was exceptionally hard and exceptionally long. This struggle has formed cadres who come from the people and have constantly maintained contact with the people. This struggle has really created and "tempered" the cadres who are animated with total devotion to the construction of a new society and who, as a whole, place this construction far ahead of and above their personal needs and interests.

One fact which appears important to me is that these cadres have immediately, without any interruption, passed on to economic construction. Accustomed as they were to the requirements of military struggle in which initiative and discipline must dominate, and in which mutual trust between cadres and ordinary soldiers plays a decisive part, they have brought the same spirit of initiative, discipline, and intimate relationship with the masses into the struggle on the economic front. The peasant origin of a great part of the cadres of the CCP also explains the success achieved in the field of agriculture.

Another important point is that the great majority of the cadres of the CCP are not only political party workers but people who directly participate in production, economic organization, and technical progress. To be "at the same time red and an expert" is one of the obligations which the CCP enjoins on its party workers.

But what appears decisive to me is the constant effort made by the CCP to explain to the masses and to destroy the myths which curb their initiative, their enthusiasm and efforts. "Explaining" is one of the key words of the action of the CCP. One has to explain to the masses in order to make them go ahead with lucidity and discipline. In order to explain to the masses one has to speak the same language as they, one must have participated in their day-to-day experience and continue to participate in that experience, one must know how to listen to their suggestions and criticisms and even provoke them, one must not command but guide, that is, finally, let the masses themselves take the concrete decisions.

In the effort at explanation, the struggle against the myths inherited from the past occupies an important place. It is not useless to mention here some of the myths the criticism of which has played a decisive part in the acceleration of economic growth.

(1) The myth of unavoidable slowness.

Slowness of economic development was a reality in the China

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of yesterday, but the erroneous notion of its being necessary in a society which has eliminated all the objective obstacles to rapid development would have constituted a subjective obstacle to such development. The elimination of the myth of the unavoidable slowness of development, in particular the unavoidable slowness of agricultural progress, has brought forth the big leap forward in the year 1958.

The myth of unavoidable slowness was also based on the argument of the "tensions" which an accelerated development would provoke. The CCP has of course not denied that accelerated development entails great tension in the economic system (as well as in individuals); but in any case, tension was unavoidable: ". . . Would things be less tense," Liou Chao-chi asks, "if the speed of construction is slowed down? Everyone must know that a terrible and real tension would exist if over 600 million inhabitants were to live for a long time in poverty and without education."

(2) The myth of the necessity of aid given by the state and by experts.

The effort at rural industrial development has also been made possible because it has been possible to eliminate from the consciousness of the masses the wrong notion that any industrial development is necessarily something complex requiring the help of specialists and technicians, and which, in a socialist society, is almost exclusively the responsibility of the state, or will necessitate its direct participation or help.

Once these false notions are eliminated, once the masses are persuaded that it is wrong that industry and technique can only be the concern of the few, and once the masses understand that technique has nothing mysterious about it, one witnesses the extraordinary development of enterprises run by local authorities and cooperatives, one witnesses a real technical revolution coming from the masses themselves.

Of course, the initiative of the masses has been guided; inventors have been given the advice and help they were asking for and which they required; simple technical possibilities have been popularized; so were models of instruments and tools which can be easily produced, as well as drawings of simple plants which can be relatively easily constructed. It has also been possible to diffuse on a massive scale booklets and textbooks of mechanics, electricity, agronomy, geology, chemistry, etc., thanks to the fact that illiteracy has been already eliminated to a large extent. It is all these measures together which have made possible the rural industrial development and the

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technical revolution which form one of the foundations of the big leap forward.

(3) The myth of absolutely necessary balance.

It is true that a plan which did not provide for strict balance between production and consumption, between resources and disbursements, would have no *raison d'etre*. But it is erroneous to deduce from the necessity of this balance of provisions that everything must happen exactly as foreseen, and that it is necessary to restrict developments because they upset the balance.

The notion of balance at every step can become an obstacle slowing down economic development, and it is in this respect that the notion has been fought. It is especially dangerous to want to delay the development of a rising sector under the pretext that this rise might upset the balance of the economy. The only satisfactory solution from the point of view of growth consists in recovering the balance at a higher level by accelerating the development of the sectors which are relatively backward on account of the quick rise of one or several others.

Similarly, the Chinese leaders have firmly criticized the myth of "financial balance" attained at the cost of slowing down growth. Mao Tse-tung has repeatedly emphasized that "it is the economy which, in the end, determines the financial situation," and he added: "The conservative point of view which makes people blind to the development of the economy or neglect the search for new financial resources, but wants to overcome financial difficulties by reducing indispensable expenses cannot solve any problem."

To be sure, the denunciation of most of these myths which curb economic development is not a new thing, but what is important is the fact that this de-mythification drive could be brought to the remotest village. It is by sweeping aside all old prejudices throughout the country that it has been possible to liberate powerful productive forces and to give rise to an unprecedented creative effort which not only finds expression in work, but also in the countless popular poems evincing authentic enthusiasm.

2. The Experience of the Soviet Union

A second factor for rapid growth is the fact that China had at her disposal the lessons of the huge experience accumulated by the USSR and the popular democracies of Europe in their effort at economic construction. The experience gained by the Soviet Union in planning, in methods of drawing up plans, verifying their consistency,

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and supervising their execution has been widely used by Chinese leaders after adapting it to the specific requirements of their own economy.

In various fields, Chinese economic methods have been appreciably different from Soviet methods. Thus price fixing methods, the ratio between agricultural prices and industrial prices, between prices of capital goods and prices of consumer goods of industrial origin, diverge quite considerably from the Soviet model. In particular, the ratio between agricultural prices and industrial prices has not at any time been unfavorable for agriculture as was the case in the USSR, entailing the negative consequences which have been recognized in the course of the last few years. Similarly, the ratio between the prices of industrial products coming from Departments I and II (capital goods and consumer goods) correspond much more to the ratio between cost prices than in the USSR, so that both sectors have equally contributed to the formation of the accumulation fund. The policy followed with respect to wages has also been different; the range between highest wages and lowest wages is smaller in China than in the USSR (the difference in objective conditions partly explains these differences in matters of price and wage policy).

The experience which the USSR and the popular democracies of Europe have accumulated with respect to economic organization, methods of management, accountancy and statistics have been similarly at China's disposal, and the latter has thus been able to avoid the countless groping attempts and the considerable waste of time and effort through which one has to advance, as well as the mistakes one is bound to make, if one does not base oneself on any previous experience.

3. The Special Character of the Chinese Revolution

Among the factors which explain the extraordinary rapidity of Chinese economic growth one must certainly mention the specific characteristics of the Chinese revolution.

The Chinese revolution, taking place in a country which was until then dominated by foreign imperialism and by bureaucratic feudalism and capitalism, brought to power in 1949 the coalition of the revolutionary classes—workers, peasants, and the national bourgeoisie. Its victory was, therefore, the victory of a "new democracy" revolution, as Mao Tse-tung puts it, and not that of a socialist revolution similar to the Soviet Revolution of October 1917. To be sure, according to the CCP's conception of uninterrupted revolution, the

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victory of the coalition of the revolutionary classes immediately opened the door for a new revolution, the socialist revolution, which involves the socialization of all means of production. But the change-over to this second phase, which is now practically completed, has taken place by utilizing the positive forces of capitalist industry and trade and by encouraging their transformation into various forms of state capitalism.

This type of transformation has constituted an objective factor in the rapidity of Chinese economic growth, and it was possible under the historical conditions in which China was placed. Consequently, the phase of the socialist revolution was achieved without commotions and accompanied by an uninterrupted growth of the economy.

However, if this type of transformation has come into being as an objective factor in the course of the past years, it has even today subjective consequences, and that is why I am mentioning it here. These subjective consequences consist in the fact that the great majority of the cadres coming from the bourgeoisie, including capitalist industrialists and businessmen, are integrated in the socialist society and make it benefit by their knowledge and experience. There is certainly in this an element which is favorable to China's rapid economic growth insofar as these cadres have sincerely rallied to the new society and adhere to its ideology.

Lastly, the national characteristics of the Chinese people also explain the extraordinary rapidity of Chinese growth. The Chinese have always been a strong, brave, and hardworking nation. This nation has behind her a past of thousands of years of strenuous and meticulous labor. Chinese agricultural traditions are known all over the world, and it is understandable that remarkable success could be achieved by renewing these traditions. Also in craftsmanship and art, the Chinese people have rich and still lively traditions, even in the villages, and these traditions certainly constitute one of the solid foundations on which rural industry can be built up. The ability of the Chinese in the scientific and technical fields is well known; therefore the ease with which they have been able both to assimilate the latest developments in these fields and to make numerous original contributions to them does not surprise us.

But above all, the Chinese people have set out to construct a new society starting from an extreme degree of poverty resulting from imperialist and feudal exploitation, but without having been, as a whole, morally and intellectually contaminated by capitalism. That is why Mao Tse-tung could write:

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> Apart from other characteristics, our people of over 600 million souls is characterized by poverty and by a vacuity which is like that of a sheet of blank paper. This may seem to be a bad thing, whereas in reality it is a good one. A poor people want to change, to work, and to make a revolution. Nothing is written on a sheet of paper which is still blank, but it lends itself admirably to receive the latest and most beautiful words and the latest and most beautiful pictures.

These are, it seems to me, the main factors which explain China's exceptionally rapid growth in the economic, social, and cultural fields.

But what I have said of course does not mean that this growth is taking place without effort, without difficulties, and without mistakes. The contrary is true: the effort is huge, the difficulties numerous, and the mistakes unavoidable. Some of these mistakes have no doubt delayed Chinese growth somewhat. Thus, the first five-year plan did not pay enough attention to the development of local, small, and medium industries; and it is only in the course of the past two years that this mistake has been rectified. Similarly, the targets of the first five-year plan for the industrial sector were in reality much too modest so that they had to be drastically changed in the course of the plan (this explains why industry overfulfilled its initial target by 21.4 percent, and the capital goods industry by 41 percent).

At the level of local and individual decisions, many mistakes have certainly been made, either because the principle of discussion has not always been respected, or because economic discipline has not always been maintained. Thus, for example, in 1956 too many workers were taken on by enterprises and the wage ceilings were exceeded, which created a certain tension in the consumer goods market. Yet it is obvious that the fact that Chinese economic growth is as rapid as it is, in spite of difficulties and mistakes, gives all the more significance to the results that have been achieved.

As to the results to come, it is impossible to foresee them if one does not have an intimate knowledge of all the data of Chinese economy and society. New difficulties will undoubtedly arise; the draining of the reserve of unemployed or underemployed labor will soon pose new problems. Similarly, decentralization, which the Chinese government seems to be bent on pushing very far, will call for original solutions in the fields of planning and supervision. However, if the recent past and the present indicate the future, it seems to me that one can expect future results to be in keeping with what People's China has already achieved during the nine years of its existence.

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WORLD EVENTS

By Scott Nearing

Revolution in the West

Year's end is a time for summing up the past and predicting the immediate future. Many such balance sheets were published in January, 1959. The most impressive one we read, by economist Barbara Ward, appeared in *The New York Times Magazine* on January 4th. We turned to her piece with interest because of her stimulating book, *The West At Bay,* which so ably analyzed world economic forces immediately after 1945. The author squares off, in her first paragraph, against the "vigorous and inventive Communist enemy," which she likens to "a gang of dynamiters trying to put a bomb in the basement."

We are not concerned with this cold-war approach. It was quite general in United States' year-end roundups. What intrigued us was her description of the steps taken by the West to meet the Communist challenge. "Quietly, organically, without much ideological fanfare, the Western powers have undergone their own revolution since the end of the war," she wrote. "There is no secret about the essence of the Western change. The decisive factor has been the acceptance of government responsibility. No democratic government can now afford a prolonged recession, and it will always intervene to expand production."

There you have her "Western revolution" in a phrase—the integration of government and business. There is no more talk of the separation of these two major social forces. The two, together with the armed forces and the channels of information and communication, have formed a close partnership in which government takes up the slack in business and business takes up the reins of government. This is the frankest statement we have seen, from the Right, of the new alignment of economic and political forces and institutions which has taken place in the Atlantic Community during recent years. It is "the united front from the Right" about which we wrote in *USA TODAY* (1955, Social Science Institute, Harborside, Maine).

Barbara Ward refers to it as a revolution. We prefer to call it a last-stand regrouping of the shattered forces of 19th-century capitalism, which in several European countries, after 1920, went by the

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name of fascism. By no stretch of the imagination can it be called private enterprise. In practice, it is a counter-revolution.

Atlantic Community Bastion

Let us begin our consideration of this "Western revolution" by noting a front-page item from the *New York Times* of January 5, 1959: "The United States has nearly completed its network of bases in Spain. It consists of three huge bomber bases, a great naval air base, a 485-mile underground pipeline, seven radar stations, two naval depots, and other installations across Spain. A total of $400,000,000 has been spent since September, 1954, when ground was broken near Madrid." These installations make Spain one of the important bastions of the Atlantic Community.

Why should the Washington government spend hundreds of millions of dollars to convert Spain into one of the best armed areas of Western Europe? The answer is obvious. Franco's Spain and Eisenhower's United States have at least two objectives in common. Both wish to prevent the further spread of Communism and both are convinced that military equipment will do the trick.

Washington picked Spain as the site for an extended military build-up because of its geographical location, and because the large Spanish army is supposedly composed of carefully screened anti-Communists. The completion of the Spanish military installations gives Washington a site from which missiles may be hurled into East Europe. It likewise adds to the number of European fortresses garrisoned by United States armed forces. United States garrisons in France and Italy are overbalanced by the millions who vote Communist in those countries. In Spain, there is no recorded Communist vote.

Spain had her revolution in 1931, and her representative government from 1932 to 1938. The constitution of 1932 expressed the libertarian, welfare-state ideas which dominated large areas of the West during that period. A rebellion against the Spanish Republic was organized in 1936. It was army-led, was backed by Spanish landed and business interests, supported by the higher Spanish clergy, armed by Nazi Germany, supplied with military manpower by Fascist Italy, blessed by the Vatican, and protected by an eager British and a reluctant French government.

Since the strangulation of the Spanish Republic in 1939, General Franco has maintained a tight anti-Communist dictatorship. During the 1939-1945 war Franco vigorously supported the Nazi-Fascist coali-

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tion, and sent an armed force to cooperate in the effort of the central powers to destroy the Soviet Union. Hitler and Mussolini have disappeared from the stage of history. Their ally Franco remains as a living symbol of the drive of the central fascist powers to overrun and dominate Europe.

Spain went through a revolution followed by a counter-revolution. It is the government representing this counter-revolution which Washington is financing, arming, and supporting.

A Counter-Revolutionary Coalition

The "free world" of Truman, Churchill, Adenauer, De Gaulle, and Eisenhower is certainly not "free" in the dictionary sense of that term, nor is it capitalist as the word was used before 1922. Capitalism passed through two important stages between 1815 and 1920. The first stage was mercantile, regional, small-scale, and locally competitive. The second phase, after 1870, was technological and industrial, large-scale, nationally monopolistic, and internationally competitive and imperialistic. During the entire 1815-1920 period capitalism expanded economically in production and wealth, and politically in the control which it exercised over colonial and dependent peoples.

After the staggering losses and defeats of the 1914-1918 war, capitalism entered a new and decisive phase. It ceased expanding and began to contract, loosening its grip on large colonial and dependent areas and losing the pivotal position which it occupied until 1920 in the worldwide power structure. It is the 1920-1959 period of contraction with which we are concerned.

Years hence historians will agree upon a name for the 1920-1960 epoch in the life of a declining capitalism. But we who must think and talk, write and act in the 1920-1960 world should have a term which characterizes the period. Instead of using the term "free world," which is an obvious misnomer, we propose "world of decaying capitalism," "fascist world," or "counter-revolutionary coalition," since the Western bloc includes all of the nations which have striven so persistently to check the spread of Communism, to reestablish imperial control over the erstwhile colonies and dependencies, and to recoup the immense losses which the capitalist imperialists have suffered during recent years.

Subsidizing Counter-Revolution

We began our analysis with Spain because the issues seem clearer there than in most other countries. Peacefully, by voting out the

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spokesmen for the monarchy, the Spanish people in 1931 paved the way for the establishment of a liberal, representative government. By force of arms General Franco and his fellow military conspirators overthrew the newly established republic and put a dictatorship in its place. Thus Franco's government is part of the counter-revolutionary movement begun in 1918-1919 by the fourteen nations which invaded the Soviet Union at that time and attempted to overthrow it.

The Soviet Union, in 1917, set out to organize a form of society which would equal, excel, and ultimately replace the capitalist imperialism which then bestrode the planet. During the following four decades, the Soviet Union has survived, grown, and prospered. Latterly its population of 200 million has been joined by another 800 million dedicated to the same revolutionary objective. In the sixteen years from 1943 to 1959, hundreds of millions in Asia and Africa threw off the yoke of capitalist imperialism and established governments of their own choosing. The decision of the Chinese people in 1949 to join the forces building socialism tipped the balance of power against the imperialists and made possible the rapid extension of socialist construction.

Throughout this entire period the United States government has been covertly or openly hostile to the socialist revolution. For sixteen years it refused diplomatic recognition to Moscow. In the 1930s Washington joined in denying aid to Republican Spain. Since 1946 Washington has led the counter-revolutionary forces grouped in NATO and SEATO. For a decade it has refused diplomatic recognition to Peoples' China, fought its inclusion in the United Nations, and advanced the grotesque, divisive policy of the Two Chinas. All across the planet in 1959, Washington is financing, organizing, and arming the forces of counter-revolution.

The Choices Before Us

Contrary to liberal pipe dreams which still attract an important intellectualist segment in the West, 19th-century bourgeois democracy has become a dead-end street. In the February World Events (*MR,* page 409) we quoted the British *Socialist Commentary's* exclamations of pained surprise over the rejection of bourgeois democratic ideas and institutions by the emerging nations of Asia and Africa. We examined the causes of this rejection in *Democracy Is Not Enough* (1945, Social Science Institute, Harborside, Maine). The decisive mass revulsion against the bourgeois pattern by the French in 1958

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should put a final quietus on hopes for bourgeois democratic revival in the immediate future.

Mass production, electronics, plastics, atomics, the conquest of space, crowded into a few revolutionary years, have brought humanity to the frontiers of a world which is new, scientifically and technologically, and which, perforce, must become new functionally and institutionally.

Two programs are available to mankind in the years immediately ahead. One program proposes that for the journey into the future we attempt to carry a minimum of the ideas, practices, and institutions salvaged from the wreckage of pre-atomic society, and rely primarily upon human ingenuity and resourcefulness to provide the social equipment necessary for survival and advancement in the atomic-space age. The other program proposes that we load ourselves down with a maximum carryover from the old society.

Generally the East has adopted or is adopting the first of these programs. The West is adopting the second, while doing everything in its power to sabotage, obstruct, and crush the efforts of the East to win peace, coexistence, and socialism.

For convenience, we may label the first technique socialist construction or communism and the second, counter-revolution or fascism. Labels are merely designations or abbreviated descriptions. Facts, trends, and directions alone are significant.

Prospects for the Seven-Year Plan

Soviet economy in 1958 had stabilized its rate of increase in the production of goods and services at about eleven percent per year. The Seven-Year Plan proposes to maintain this rate of economic expansion. In view of recent Soviet experience, this seems to be an entirely workable program.

The output of increased production may be assigned to a higher standard of living for individual consumers; to general advances in education, health, recreation, transportation, and other forms of collective well-being; to capital investment; to the aid of less developed areas, at home or abroad.

Soviet economic expansion at approximately ten percent per year will be more than twice that of the average expansion of United States economy during recent years. If these conditions persist, at some point in the not distant future the line of Soviet production will cross the line of United States production and the Soviet Union will become the world's Number One producer of goods and services.

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The important thing about this Soviet economic advance is not that it will equal and, in measurable time, excel the economy of the United States. Its real significance lies in the steady advance in the individual and collective well-being of the peoples in the Soviet Union and the larger funds for technical, economic, and cultural aid from the Soviet Union to those emerging nations in Asia, Africa, and Latin America which are in such critical need of a push forward from outside their own borders.

Until the stabilization of Soviet economy, under the succession of five-year plans, outside aid to emerging economies could come only from the capitalist West. The stabilization of Soviet production during the next seven years, at something more than an annual ten percent increase, and parallel production increases in China and the other countries building socialism, will provide for a rising standard of well-being, not only for the peoples building socialism, but for those emerging Asian, African, and Latin American peoples who look toward socialism as the way out of their economic difficulties.

The Space Age

Just over a year ago space travel was a theme for science fiction romancers and scientific speculation. In October, 1957, Soviet scientists and engineers launched a satellite which began circling the earth. Soviet and United States scientists and engineers followed with other earth satellites. On January 2, 1959, a Soviet rocket left the earth's gravitational field, passed close to the moon and is presumed to be circling the sun. These spectacular developments were packed into 15 months. Today there is serious talk of establishing permanent space platforms, of making landings on the moon, and other marvels attending man's entrance into the space age. We should keep our minds open for further possibilities. Earth-made spacecraft may yet meet and trade ideas with similar vehicles from outer space.

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The United States and China

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(*continued from inside front cover*)

ABC of Socialism by Leo Huberman and Sybil May, as a study text. Two *Young Socialist* supporting groups in Detroit have also placed bulk orders for *ABCs* for their educational activities. We have been asked to announce that youth readers of MR who are interested in studying such material with other students and young workers can get in touch with similar independent socialist youth groups by writing *The Young Socialist,* P. O. Box 471, Cooper Station, New York 3, or calling SPring 7-1274.

We have reprinted Leo Huberman's *Man's Worldly Goods* as a paperback and it is ready for immediate delivery at $1.50 per copy (the price of the few remaining hard-back copies is now $5). Recently a European teaching at a large university told us that he had found one of the greatest problems with American students is to get them *interested* in history. *Man's Worldly Goods* he had discovered to be by far the best solution, and he was delighted to hear that it was now available again in inexpensive form. Others with a similar problem—and there are unfortunately all too many in our colleges and universities—may find that *Man's Worldly Goods* is the answer for them too. In any case, we strongly urge teachers and leaders of study groups to give it a try.

"The greatest reporter who ever came out of Asia"—that's what Fortune called the speaker who is scheduled for the next MR Associates meeting in New York on March 24. Edgar Snow, author of the classic *Red Star Over China* and, more recently, *Journey To The Beginning,* will speak on "The United States and China." See page 464 for details.

A friend in a nearby foreign country informs us that at a dinner party recently, the editor of the largest newspaper there passed around MR to his guests, saying, "This is the only American magazine I read regularly and depend on." How far that little candle. . . .

We rejoice when you give a sub to a friend—and frequently the recipient is also grateful. Witness this letter:

> When L. introduced me to MR he did me a tremendous favor. It is one of the few things I read from cover to cover and it's always stimulating. I was, as usual, impressed with all the articles but most incisive and also most hopeful, I think, was Miliband's "Politics of The Long Haul." His article represents left-wing thinking at its highest level.

If you are a teacher or student at a college whose library does not take MR, take advantage of this offer by one of our good friends: "I will pay the sub price for any college or university library that will write in directly to the editors asking for a year's subscription. The request must be made by the librarians themselves on their official stationery."

Readers in the Twin Cities who are interested in forming a discussion group are asked to get in touch with Charles Lee, 503 Otis Avenue, St. Paul 4, Minn., phone number, MI 4-8231.

One of our courty's braver better minds is the author of the following pungent paragraph:

> Our real problems are . . . concealed from us by our current remarkable prosperity, which results in part from the production of arms that we do not expect to use, and in part from our new way of getting rich, which is to buy things from one another that we do not want at prices we cannot pay on terms we cannot meet because of advertising we do not believe.

So spoke Robert Hutchins, in an address on receiving the Sidney Hillman Award for Meritorious Public Service on January 21. Obviously a well-deserved honor.

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